3 Amazing Oil Stocks to Buy on the Dip!

Description

While the price of West Texas Intermediate (WTI) crude has rallied in recent months, many of the producers operating out of Canada's oil sands have lagged behind.

There's good reason for that

For one, there was the recent oil spill from **TransCanada Corporation's** (TSX:TRP)(NYSE:TRP) Keystone pipeline in November. The pipeline along rural South Dakota leaked 200,000 gallons of oil, or approximately 5,000 barrels, of the precious "black gold."

The result was a halt in shipping that led to a large oversupply of Canadian inventory.

Yet a recent report from GMP FirstEnergy analyst Martin King suggests that the wide gap between Western Canadian Select — the benchmark for Canadian "heavy oil" being pumped out of the oil sands — and WTI crude that we saw in December has been narrowing lately, which could pave the way towards the highest realized price Canadian oil producers have experienced in three years.

And the best part is that recent volatility in the TSX has put a number of oil sands producers on sale — despite the latest report — including these three blue-chip producers:

Cenovus Energy Inc. (TSX:CVE)(NYSE:CVE)

In the second quarter of 2017, Cenovus closed its acquisition of assets in Western Canada from **ConocoPhillips**, including the company's remaining 50% interest in the FCCL Partnership, an oil sands joint venture which was operated by Cenovus.

Cenovus also acquired the majority of ConocoPhillips's Deep Basin conventional assets in Alberta and British Columbia.

The unfortunate thing is that as part of the deal, Cenovus agreed to make contingency payments to ConocoPhillips if Western Canada Select prices rose above $52 over the next five years, making this more of a long-term play.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG)

Crescent Point is one of the bigger players in the oil sands, but it also operates a little higher on the cost curve than some others, meaning the company requires a higher price of oil to break even, all else equal.

This means that the company's share price can sometimes react in an overly sensitive manner to more nuanced shifts in the market, such as the December supply glut.

Short term aside, the vast majority of Crescent Point's assets remain untapped, making this another great buy-and-hold investment for your RRSP.

Canadian Natural Resource Ltd. (TSX:CNQ)(NYSE:CNQ)

Canadian Natural Resources, commonly referred to by its ticker simply as "CNQ," is one of the largest producers in Alberta, which helps to mitigate a bit of the risk.

But the best thing about CNQ is the dividend. Shares yield 2.90%, but even more impressive is the fact that the company has increased its dividend in each of the past 10 years, despite all the noise around oil prices since 2014.

The last word…

A growing population and rising incomes will drive North American energy demands for decades to come, making now a good time to load up on these oil sands producers.

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2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSE:TRP (Tc Energy)
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